



## Action Item

Recommendation: Approve the Scope of Work for the Financial Audit of the Department of Technology Services.

### DEPARTMENT OF TECHNOLOGY SERVICES

#### SCOPE OF WORK FOR FINANCIAL AUDIT

##### A. Objective

The Department of Technology Services (DTS) will undertake a financial audit as required in the California Government Code Section 11537. The DTS is seeking an independent firm of certified public accountants with resources that specialize in financial analysis, and also possess the knowledge and experience relative to current auditing best practices.

Consultant activities include, but are not limited to:

1. Financial audits of the DTS' revenues and expenses for fiscal years ending June 30, 2007, June 30, 2008, and June 30, 2009 and a letter on the adequacy of the department's internal accounting and administrative controls for each fiscal year.
2. A detailed Work Plan with timelines to accomplish the DTS' financial audits of the DTS' Revolving Fund (Fund), and all accounts and transactions of the department, in accordance with the California Government Code Section 11537, for the fiscal years ending June 30, 2007, June 30, 2008, and June 30, 2009.
3. Provide weekly status reports by close of business each Thursday to the Accounting Manager and the Chief of the Financial Management Branch.
4. Provide a draft report to the Director of the DTS and the Technology Services Board Audit Subcommittee.
5. Provide a final report to the Governor, the Legislature, the Technology Services Board and its Subcommittee, and the Director of the DTS.



## **B. Amount**

This is a time and materials Contract, with the Consultant's guarantee of task completion (financial audits). The total amount of this Contract shall not exceed \$400,000.00 for the audit of three fiscal years.

## **C. Term/Period of Performance**

The period of performance for this Contract shall be no more than thirty-two (32) months from June 15, 2007, or until both parties agree the Consultant has completed the audits, as described herein.

The Consultant shall not be authorized to deliver or commence performance of services as described in this Statement of Work (SOW) until written approval has been obtained from all entities. Any delivery or performance of service that is commenced prior to the signing of the Contract shall be considered voluntary on the part of the Consultant.

## **D. Key Personnel Minimum Qualifications**

1. One (1) or more of the consultants must have a minimum of four (4) years experience auditing entities in accordance with Generally Accepted Government Auditing Standards. A copy of the consultants' résumé(s) must show relevant experience.
2. One (1) or more of the consultants must have a minimum of four (4) years' experience, and be registered as a Certified Public Accountant.

## **E. Responsibilities of Parties**

The following section describes specific responsibilities of the State and the Contractor:

### **State Responsibilities**

1. Provide Consultant personnel with cubicle and/or office working facilities at any of the three (3) sites.
2. Provide access to department staff and management, offices and operational areas, as required to complete the tasks and activities defined under this Contract.
3. Designate a person to whom all Consultant communications may be addressed and who has the authority to act on all aspects of the services. This person will review the SOW and associated documents with the Consultant to ensure understanding of the responsibilities of both parties.



4. Provide information regarding the business structure of the DTS, as required by the Consultant, to provide the services under this SOW. The DTS will provide information, as required by the Consultant, to perform its responsibilities and schedule the availability of the DTS personnel for interviews, as may be required.
5. Provide timely review and approval of the Consultant information and documentation provided by the Consultant, in order for the Consultant to perform its obligations under this SOW.

### **Contractor Responsibilities**

1. Conduct and complete financial audits for fiscal years ending June 30, 2007, June 30, 2008, and June 30, 2009 and a letter on the adequacy of internal accounting and administrative controls for each year.
2. Designate a person to whom all project communications may be addressed and who has the authority to act on all aspects of the services. This person will review the SOW and associated documents with the State to ensure understanding of the responsibilities of both parties.
3. Identify a Project Coordinator, who is a Certified Public Accountant, responsible for the overall project.
4. Provide project management for all activities associated with the project.
5. Comply with all applicable State policies, procedures and guidelines.
6. Provide consultants with the necessary equipment, including hardware and software, to fulfill the Contract.
7. Prior to expiration of the Contract, the Contractor shall return all State property, including security badges.

### **F. Description of Project Services**

The DTS intends to award a contract for consultant services to undertake three financial audits of its revenues and expenses for three separate fiscal years .

The Consultant will develop a financial report based on the evaluation and assessment of the DTS' year end activities and a letter addressing the adequacy of the department's internal accounting and administrative controls for each of the three years.



## **G. Acceptance of SOW**

By signing and submitting this SOW to the DTS, the Consultant agrees to meet all requirements as contained in Section J, Project Schedule.

## **H. Consultant Reporting**

The Consultant will prepare a weekly, written status report in MS Word format for the State's Project Manager, detailing the current status and future activities. This report shall include, but not be limited to, the following information:

- ☐ Summary of the work completed during the reporting period, showing actual work versus planned work
- ☐ Status of the overall engagement, and all the phases/projects, including discussion of risks, problems encountered, solutions, and proposed solutions

In addition, if requested, the Consultant shall participate in periodic briefings for the State's executive management and Technology Services Board, as deemed appropriate by the DTS.

## **I. Project Contacts**

### **DTS CONTRACT MANAGER**

Project Manager:	Kathy Perry
E-Mail Address:	<a href="mailto:kathy.perry@dts.ca.gov">kathy.perry@dts.ca.gov</a>
Mailing Address:	P.O. Box 1810
Phone Number:	916-739-7917

### **CONSULTANT CONTRACT MANAGER**

Project Manager:	
E-Mail Address:	
Mailing Address:	
Project Address (if different):	
Phone Number:	
Cell phone number or pager	
Fax Number:	

## **J. Project Schedule**

<b>Estimate Project Start Date:</b>	<b>6/15/2007</b>
<b>Estimate Project Completion Date:</b>	<b>11/30/2009</b>



## **K. Unanticipated Tasks**

In the event that additional work must be performed which was wholly unanticipated, and which is not specified in the purchase order or SOW, but which in the opinion of both parties is necessary to the successful accomplishment of the general scope of work outlined, the DTS shall prepare an amendment to the purchase order to include the unanticipated work before the Consultant may commence with the work.

## **L. Invoicing and Payment**

1. Progress payments shall be made monthly, in arrears, to the Contractor based upon major milestones of the work plan, as developed and agreed upon between the DTS and the Contractor, consistent with the SOW contained herein.
  - The DTS will withhold 10% of Contractor invoices; payable upon satisfactory completion of each financial audit.
2. Invoices shall be due and payable, and payment shall be made, only after the State's acceptance of the financial audit, as referenced within the SOW. Invoices submitted in triplicate must reference the Contract/Purchase Order number to:

Department of Technology Services  
Fiscal Services Office  
P. O. Box 1810  
Rancho Cordova, CA 95741-1810

3. Consultant costs related to items such as travel and per diem are costs of the Consultant, and will not be paid as part of this Contract.

## **M. Other Contract Considerations**

The Consultant will act as the prime contractor under this Contract. In addition to identifying all personnel proposed to work under this Contract, the Consultant must also identify its sub-contractor affiliations, as applicable. If the sub-contractor is a California Certified Small Business and/or DVBE, those amounts paid to certified sub-contractors shall be identified on the Consultant's invoice(s).